

INTERNATIONAL SECURITY / MIDDLE EAST UPDATE
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1. [U.S. Hoping for Constructive Talks with Iran in Istanbul](#) (01-20-2011)

By Stephen Kaufman
Staff Writer

Washington — The United States is hoping that talks in Turkey with Iranian officials will evolve into a “meaningful and practical negotiation process” that will address the international community’s concerns over Iran’s nuclear activities, according to State Department spokesman Mark Toner.

Toner also said the Obama administration is willing to discuss an updated deal to provide nuclear fuel for Iran’s Tehran Research Reactor (TRR).

“We’re not expecting any big breakthroughs, but we want to see a constructive process emerge” that leads to Iran’s “credible” engagement with the international community, Toner said January 20.

Under Secretary of State for Political Affairs William Burns is leading the U.S. delegation to join representatives from Russia, China, France, the United Kingdom and Germany, collectively known as the P5+1, in the January 20–22 talks with an Iranian delegation in Istanbul.

“We’re there to talk about Iran’s nuclear program and to engage with them on that,” Toner said. “What we want to see is a process emerge that leads to progress.”

The talks follow December 6–7 discussions between the P5+1 and Iranian representatives in Geneva. During previous meetings in October 2009, the P5+1 proposed a deal that would have provided the TRR with enriched uranium fuel and would have required that the enrichment be done

in another country to ensure that uranium would not be enriched to a level that could be used for nuclear weapons.

Iran ultimately rejected the offer, and has declared that it is now enriching its own uranium fuel supplies.

Toner said “the onus is on Iran” to address the international community’s concerns that it is developing a nuclear weapons capability under the cover of a civilian program. He added that the U.S. approach to the talks will include “practical, tangible steps” to build confidence between the two sides.

“That’s always what the TRR proposal has been, a confidence-building measure,” Toner said. “It would have to be some kind of updated arrangement. But we’re willing to discuss that in greater detail.”

Secretary of State Hillary Rodham Clinton said January 19 that international efforts have delayed Iran’s nuclear activities. That “gives us more of a breathing space to try to work to prevent them from obtaining a nuclear weapon, to change their strategic calculation,” [she told NBC’s Today Show](#).

A nuclear-armed Iran is not inevitable, she said.

“It’s very clear that the international community, including China, Russia, the Middle East, the Arab nations, are all united in our commitment to prevent Iran from obtaining nuclear weapons. And that will continue to be our priority,” Clinton said.

2. Treasury Official Speaks on Trans-Atlantic Relationship and G20 (01-20-2011)

U.S. Department of the Treasury
Remarks by Assistant Secretary Charles Collins
The German Marshall Fund of the United States

I would like to start by expressing my gratitude to the German Marshall Fund and to Bruegel for hosting this event and inviting me to speak on the topic of the Transatlantic Relationship and the G20. This is the third occasion in my time at Treasury that I have benefited from the hospitality of these two fine European institutions, and the high level of discussion at their events has consistently impressed me. They are both making a substantial contribution to the quality of transatlantic dialogue and to the level of mutual understanding between the United States and Europe.

Commentators on both sides of the Atlantic sometimes harp on alleged policy differences between the United States and our colleagues in Europe. This is not the reality. The last two years have witnessed intense and productive policy coordination and cooperation between Europe and the United States as we have worked hard together to turn around our economies after a deeply damaging financial crisis. Where we have disagreed, the differences have largely been in emphasis and tactics rather than in goals or strategic direction. The Transatlantic Relationship remains healthy and robust.

What has certainly changed is that the dynamic emerging economic powers have earned a seat at the table where major policy matters are discussed. Thus, the G20 has replaced the G-7 as the premier forum for international policy coordination. And the G20 has been hugely successful in

galvanizing a powerful joint response to the crisis at the global level, indeed the most powerful stimulus in history. But the central role of the G20 and the arrival of new players in no way diminish the importance of the transatlantic partnership between the United States and Europe. Together, the United States and the European Union account for around half of global output and world trade. We share vital interests and the decisions we make together will be critical in determining the future course of the global economy.

We in the United States look forward to the French Presidency of the 2011 G20 Summit. We share a strong common sense that the G20's work is far from done, and a commitment to building on what has been achieved through the spirit of cooperation. The global economy is now well on the road to recovery, but many difficult issues remain to be addressed to ensure strong, sustained and balanced global growth. This will not be easy because there are considerable differences across countries' economic conditions and prospects—in contrast to the situation three years ago when we all faced the perils of the crisis together.

In my brief remarks this lunchtime, let me touch on four key challenges that Europe and the United States must face together and with our G20 partners. First, we must ensure that the global recovery now underway is sustained and gathers strength. Recent global growth has been impressive—almost at pre-crisis rates. But it is uneven and fragile. Much of the emerging world is growing fast, but is now contending with rising inflation, strong capital inflows, and signs of overheating. In contrast, the recession was much deeper in advanced countries, and the subsequent recovery has been gradual.

The U.S. economy is growing again, but despite recent improvements, unemployment remains unacceptably high. The passage of the Tax Relief Act last month was therefore important to deliver a strong boost to the economy in 2011 and 2012 by ensuring that American middle class families don't see their taxes increase and by providing strong incentives for businesses to invest and create jobs.

Most of Europe is also recovering, most impressively the German economy. But the situation in the periphery of the Eurozone remains a worrying source of fragility that could have damaging spillovers within and beyond Europe's boundaries. The periphery countries lived beyond their means for many years, supported by financial flows from elsewhere in the currency union. Since the onset of the crisis, periphery countries have needed to undertake deep and painful reforms, to contain deficits and restore competitiveness. At the same time, European governments have put in place facilities to provide large scale financing support for these difficult adjustments. The United States has strongly supported these efforts including through IMF programs in Greece and Ireland. We continue to engage with our European partners as they forge a comprehensive solution to the periphery debt crisis. We are particularly encouraged by the commitments at the Ecofin meeting earlier this week that European banks will be subjected to a new, more transparent round of stress tests and that Europe's financial support mechanism will be strengthened further.

The second global challenge that we must face together is to ensure an orderly, growth-supporting rebalancing of the world economy. In the years leading up to the crisis, the United States served as the world's consumer of last resort. Our strong domestic demand was fueled by a falling savings rate amid rapid increases in asset prices. On the other side, many surplus countries relied on export-led growth strategies that neglected their own domestic demand in favor of sales to the U.S. market. The crisis proved beyond any doubt that this situation was unsustainable.

The United States has already started the necessary process of adjustment. We have already seen a very significant increase in private savings by households as they repair their balance sheets after

heavy losses of wealth. And we must restore fiscal responsibility. Along with the G20 leaders, the President has committed to cutting the fiscal deficit in half by 2013, and to stabilizing the debt-to-GDP ratio by 2016. This will require the government to curb spending, so that we can afford to make the investments that are critical to future growth. And it will require tax reform that produces a system that is more simple and more fair, geared to encouraging growth and investment.

Other nations must also undertake the difficult reforms required to rebalance global growth as well as to strengthen their own economies. As America saves more, the world will grow more slowly unless domestic demand rises vigorously elsewhere. This means that major emerging economies with persistent current account surpluses need to reduce their reliance on export-led growth and shift their economic strategy towards domestic consumption and investment. This will require policy reforms to encourage robust growth of domestic demand combined with a greater willingness to allow exchange rates to move flexibly, notably in China but also elsewhere.

The issue of imbalances is also very relevant within Europe. Europe as a whole was in external balance before the crisis. But this external balance masked large internal imbalances. Germany ran large current account surpluses, as low wage growth held down consumer demand, while the countries of the Euro area periphery ran large deficits. The painful adjustment by the periphery countries will be easier to sustain if it is accompanied by sustained increases in domestic demand in the surplus countries within Europe. Recent German private consumption data have shown encouraging signs that this may now be happening, as impressive export performance and strong business confidence is beginning to feed through into higher incomes and greater consumer optimism. And it is encouraging and appropriate that a core component of the current drive to overhaul the policy framework in the Euro area aims at putting in place an effective mechanism to encourage more symmetric surveillance of current account surpluses as well as deficits within Europe to reduce risks of destabilizing imbalances in the future.

The G20 has a critical role to play in monitoring and coordinating the process of rebalancing at the global level. At the November Summit in Seoul, the G20 Leaders called on their governments to agree on a set of quantitative indicators to identify persistently large imbalances in need of preventive and corrective action. The next stage, to be complete by the end of the year, will be to identify which countries are running persistently large imbalances, examine the driving forces and root causes behind the imbalances, and develop corrective measures. The United States will fully support the French G20 presidency, as it takes on the heavy and necessary burden of making this process work.

This leads me to a third and related major challenge facing the G20, to continue our work to ensure the smooth functioning of the international monetary system consistent with global stability. It will be important for the currencies of all the major trading countries to move flexibly to facilitate global adjustment and to reduce the asymmetric bias in which adjustment pressure is focused on deficit and not surplus countries. This issue has gained in importance as emerging economies, notably China, have grown rapidly and account for a rising share of global trade and activity. China still closely manages the level of its exchange rate and restricts the ability of capital to move in and out of the country. These policies have the effect of keeping the Chinese currency substantially undervalued. They also impose heavy costs on other emerging economies that run more flexible exchange rates. With capital unable to flow into China, money has been surging into other emerging economies, leading to an appreciation of their exchange rates and a substantial loss of competitiveness against China.

We should also consider sensible policy approaches for countries facing surges in capital inflows, balancing the need to ensure external and internal stability while avoiding damaging cross-country

spillovers. Importantly, this effort should differentiate between countries with undervalued currencies, where greater flexibility is paramount, and overvalued currencies facing undue burdens of adjustment. There is also room for more thinking about whether there are additional steps that could be taken to strengthen global financial safety nets, building on recent reforms at the IMF to provide an array of lending facilities that countries can rely on in the event of a sudden loss of market access as took place in 2008. For example, further progress can be made to build linkages between the IMF and regional financing arrangements, learning from the recent experience in Europe, although the IMF must never compromise on its lending standards or conditionality.

Finally, this year, the G20 should promote further progress on financial reform. We have already made considerable progress, as we have worked hard together at the G20, along with the Financial Stability Board and standard setting bodies, to strengthen global financial regulation and supervision to address the weaknesses that contributed to such a devastating financial crisis. Last year's agreement to strengthen the quality and quantity of bank capital, build stronger liquidity buffers, and establish a mandatory leverage ratio represented a watershed event for international regulatory reform. And in the United States, the Dodd-Frank Act provided a comprehensive overhaul of our domestic financial regulation that goes well beyond what has yet been achieved elsewhere. A priority this year for the G20 is to ensure that continued progress is made in the approach to complex, globally active and systemically important financial institutions – tackling the problem of “too big to fail”, so that tax payers are never again called upon to pay for the financial sector's mistakes. In this respect, it will be important work carefully with G20 partners to ensure strong supervision, robust levels of capital, and effective resolution regimes. It will also be important to examine the risk of regulatory arbitrage through the so-called “shadow banking system” and to take firm action to ensure transparent and well-functioning commodities markets to reduce risks of excessive commodity price volatility. In these areas, the Dodd-Frank legislation has put the United States clearly in the forefront of reform efforts.

In conclusion, this G20 agenda – ensuring sustained growth, promoting global rebalancing, improving the functioning of the international monetary system, and continuing the global financial reform – is ambitious, but it is also vitally important for the health of the US and European economies. A robust transatlantic relationship is crucial as we face these challenges together and pursue our common interests. We look forward to working closely with the French G20 presidency and with our European partners more broadly as we work to forge the global consensus in favor of cooperative, growth-supportive economic policies. ?

3. Obama and China's Hu Work Toward Greater Cooperation (01-19-2011)

By Merle David Kellerhals Jr.
Staff Writer

Washington — President Obama welcomed China's president, Hu Jintao, to the White House January 19, calling for greater cooperation in security and economic relations and for greater respect in China for universal human rights.

“We have an enormous stake in each other's success,” [Obama said](#) at the formal White House arrival ceremony on the south lawn. “In an interconnected world, in a global economy, nations — including our own — will be more prosperous and more secure when we work together.”

It is the eighth time the two world leaders have met face-to-face in two years. Obama visited China in 2009, and extended an invitation for a state visit, which the two leaders agreed to hold in early

2011. The last state visit by a Chinese president was in October 1997 when President Bill Clinton hosted President Jiang Zemin. Hu was greeted with an elaborate 21-gun salute, which generally is reserved for visiting heads of state.

Obama said the United States welcomes China's rapid rise as a prosperous and successful member of the international community. He said the economic benefits of U.S.-China relations have improved the lives of Americans as well as the Chinese, and that cooperation on a range of issues has helped to advance stability in the Asia-Pacific region.

"We also know this: History shows that societies are more harmonious, nations are more successful, and the world is more just when the rights and responsibilities of all nations and all people are upheld, including the universal rights of every human being," Obama said.

Hu thanked Obama for the invitation to visit the United States and offered the best wishes of 1.3 billion Chinese people to all Americans.

"I have come to the United States to increase mutual trust, enhance friendship, deepen cooperation and push forward the positive, cooperative and comprehensive China-U.S. relationship for the 21st century," Hu said at the arrival ceremony.

The United States and China normalized relations 32 years ago. Hu said that since then the relationship the two nations enjoy has grown into one of strategic significance and global influence.

China is a key market for the United States, which exported \$100 billion of goods and services to China, making it the largest U.S. trading partner after Canada and Mexico. The exports support more than half a million U.S. jobs.

The Chinese government announced a series of purchases ranging from jet aircraft and auto parts to agriculture and chemicals, which amounts to more than \$45 billion in new exports for the United States, which will help support an estimated 235,000 U.S. jobs, Obama said.

Obama said the two leaders also discussed China's move toward a more market-oriented economy that is less driven by exports and devotes more to domestic consumption, which will help to ensure a balanced global economic recovery. Obama had previously announced a [National Export Initiative](#) to move the U.S. economy over five years toward greater exports and less consumer-driven demand.

"I told President Hu that we welcome China's increasing the flexibility of its currency," [Obama told reporters](#) at a joint press conference at the White House. The president said he told Hu that China's currency, the yuan, remains undervalued and that there needs to be further adjustment in the exchange rate.

Obama said currency adjustment would help to boost domestic demand in China and lessen the inflationary pressures in its economy.

North Korea's nuclear weapons development program was featured in the private talks the two leaders had in the Oval Office. Obama said the two also discussed efforts to open dialogue with the Iranian regime about its nuclear weapon development efforts.

On human rights, Obama said the two leaders agreed to move ahead with formal talks on human rights and to new exchanges to advance the rule of law. Obama called for renewed talks between

the Chinese government and representatives of the Dalai Lama to resolve concerns and differences, including the preservation of the religious and cultural identity of the Tibetan people.

The United States announced plans to increase the number of U.S. students studying in China to 100,000 students.

“The Chinese side appreciates President Obama’s commitment to a positive and constructive China policy and to stable and growing China-U.S. relations,” Hu told reporters.

Hu said the United States and China support efforts by the Group of 20 advanced economies to play a bigger role in international economic affairs. Both nations are members of the G20.

Obama is hosting a state dinner for Hu at the White House January 19, and U.S. congressional leaders will hold meetings with Hu on January 20 before Hu travels to Chicago for further meetings with U.S. business leaders. [Obama and Hu also met with U.S. corporate leaders](#).

[Secretary Clinton on U.S.-China Relations in the 21st Century](#)

[U.S.-China Center of Excellence on Nuclear Security](#)

[U.S., China Partner to Counter Nuclear Smuggling](#)

4. Obama Administration’s Priorities for South and Central Asia (01-19-2011)

U.S. Department of State

Remarks by Robert O. Blake, Jr., Assistant Secretary, Bureau of South and Central Asian Affairs

It’s always a treat to get out of Washington, but it’s truly an honor to speak at the James A. Baker III Institute for Public Policy at Rice University, risen to become one of the leading think tanks. The demands of my job usually require me to travel overseas frequently, and I wish I could have more events in the U.S. like this, although some in Washington might question whether coming to Texas is still considered domestic outreach.

In any case, I welcome opportunities like this to discuss our foreign policy with informed Americans. I had a great interaction with students this afternoon, and I look forward to a similarly lively exchange after my remarks.

I thought I would offer a brief review of the South and Central Asia region, with a particular emphasis on issues of importance to Houston. I deal primarily with the region from Sri Lanka in the south to Kazakhstan in the north, from Maldives to Bhutan, with a Special Representative taking the primary job of coordinating policy in Afghanistan and Pakistan.

For many Americans this part of the world is primarily defined by the challenges we face in Afghanistan and Pakistan, but it is also marked by great promise and opportunity. Central Asia lies at a critical strategic crossroads, bordering Afghanistan, China, Russia

and Iran, which is why the United States wants to continue to expand our engagement and our cooperation with this critical region. And South Asia, with India as its thriving anchor, is a region of growing strategic and commercial importance to the United States in the critical Indian Ocean area.

In total, the region is home to over two billion people -- roughly one fourth of the world's population. It is incredibly diverse, ranging from the crowded metropolises of India and Bangladesh to the vast stretches of unpopulated steppe in Kazakhstan.

The Silk Road once linked the South and Central Asian regions through an extensive trade network. Cultural and political linkages came later. Timur, whose legacy still holds strong in Uzbekistan, established a strong cultural link between these regions in the late 14th century when his armies conquered Multan and Delhi. He planted the seeds of the powerful Mughal dynasty that would later go on to produce cultural marvels like the Taj Mahal in India.

Today, however, the region is one of the least integrated in the world, as I experience every time I travel to the region, when I often have to transit through Istanbul, Moscow or Dubai to get from one Central Asian capital to another.

With rapidly growing economies like India, emerging markets in Bangladesh and Kazakhstan, and resource-rich countries like Uzbekistan and Turkmenistan, greater linkages in this region would bring tremendous benefits to its citizens, as well as the world. There are some nascent efforts in that direction such as TAPI that I will describe later.

Administration Priorities

Given this dynamic regional context, we have three primary objectives in the South and Central Asia region:

- Support international efforts in Afghanistan;
- Build a strategic partnership with India; and
- Develop more durable and stable relations with the Central Asian countries.

After describing these priorities at greater length, I will then focus on energy resources in Central Asia, which I imagine is of particular interest in Houston. I'd also like to give a shout-out to a few countries in South Asia that don't fit neatly in these priorities, but hold importance for the U.S. all the same.

Afghanistan and Pakistan

My bureau's single most important priority is supporting stabilization efforts in Afghanistan. The President, Secretary Clinton, Secretary Gates and other members of the Cabinet have spent countless hours reviewing and honing our efforts in the region. I am pleased to say that Central Asia and India have played a critical role in supporting coalition efforts in the region.

The Northern Distribution Network -- the NDN -- runs through most of the Central Asian countries, supplies a growing percentage of provisions for our military effort and offers an alternative to the more widely used southern supply route through Pakistan. The NDN increasingly offers the people of the Central Asian countries the opportunity to sell goods and services to NATO troops in Afghanistan, and we hope it can help catalyze greater trade and economic cooperation between Afghanistan and Central Asia.

Even beyond the NDN, the Central Asian nations have underpinned our efforts to fight the Taliban and rebuild Afghanistan. Kyrgyzstan hosts the Manas transit center, which facilitates troop transport and supports refueling missions for coalition forces in Afghanistan.

Electricity from Uzbekistan and Turkmenistan power the lights of Kabul, while the completion of a railhead in Mazar-e-Sharif this year will link the Uzbek and Afghan railways. Cultivating broad and long-lasting relationships with the Central Asian countries is the only way to ensure a common understanding and gain their long-term support for our efforts in Afghanistan.

We hope that the Afghanistan-Pakistan Transit Trade Agreement, which will enter into force on February 11, will also lead to increased trade between Afghanistan and its northern neighbors Tajikistan, Uzbekistan and Turkmenistan. Further afield, we also see the agreement as opening an opportunity for India and Pakistan to ramp up commercial engagement.

South Asian countries also have supported international efforts to rebuild Afghanistan. Bangladesh's largest NGO, BRAC, runs activities in all 34 of Afghanistan's provinces. India has been a major contributor to reconstruction, with more than \$1.3 billion in assistance so far, including the construction of highways, transmission lines, and the parliament building.

As a sign of our close partnership in the region, the President announced during his landmark visit to India in November that we would work with India on women's empowerment and capacity building in Afghanistan.

Advancing the U.S.-India Strategic Partnership

These projects with India in Afghanistan mark a small but important part of a significant new global development - the emergence of a global strategic partnership between India and the United States. As President Obama said in his November 8 speech to the Indian Parliament, "For the first time ever, our governments are working together across the whole range of common challenges that we face. Now, let me say it as clearly as I can: The United States not only welcomes India as a rising global power, we fervently support it, and we have worked to help make it a reality."

India's democracy, diversity and knowledge-based society make it special, a model of a tolerant pluralistic society in the region, and one that now actively seeks to work with the U.S. and others to help solve problems on a global level.

Growing ties between our societies, our economies and our governments have helped sustain and accelerate India's rise. The nearly three million Indian-Americans in this country, including many in the Houston area, provide a powerful connection between us, as do the more than 100,000 Indian students studying in U.S. universities.

Bilateral trade has more than tripled in the last decade, creating jobs and opportunities for both of us. Cooperation in counter-terrorism and defense modernization is at unprecedented levels.

The strength of India's economy makes it the powerhouse of South and Central Asia's growth. India's economy grew about 7.4 percent in 2010, one of the fastest in the world, and by 2025 India is expected to become the 3rd largest economy in the world, behind the United States and China. Its middle class now numbers 300 million and is expected to double over the next 20 years.

India's growing economic power has also made it among the fastest growing investors in the United States. Over the last decade, investment from India to the United States grew at an annualized rate of 53% reaching an estimated \$4.4 billion in 2009.

Engagement across the U.S. and Indian governments has never been as robust and comprehensive as it is today. The President's dramatic visit to India highlighted the vast ties between our two

countries, and our cooperation on critical issues ranging from climate change, to counter-terrorism, nonproliferation and energy diversity. President Obama acknowledged India's growing role in the world by endorsing India for a permanent seat on the UN Security Council.

Our people-to-people linkages likewise have grown tremendously. During his stop in Mumbai, President Obama announced business and defense deals that exceeded \$14.9 billion, with \$9.5 billion in U.S. export content, supporting the creation of over 50,000 jobs.

Texas has played a crucial role in furthering our partnership. In fact, while I served as the DCM in our Embassy in New Delhi in 2005, Houston-headquartered Continental Airlines was the first American carrier to start direct flights between Delhi and the United States. The large Indian diaspora here illustrates the personal ties that exist without that do so much to catalyze better relations.

We will build on the President's visit in the coming year through an intensive program of collaborative activities, high-profile visits and even greater engagement. Of particular note, we welcome the opportunity to work with India closely during its two-year tenure on the UN Security Council, which started January 1.

On the business side, Commerce Secretary Locke will travel to India in February to attend Aero India, the biannual Indian aerial fair that has grown in importance as India itself has grown. India will soon announce the winners of a tender worth up to \$12 billion to supply 126 medium multi-range combat aircraft – a competition in which both Boeing and Lockheed Martin have entered their jets.

Secretary Clinton and other Cabinet officials will also travel to India this spring for the U.S.-India Strategic Dialogue, which oversees the entire spectrum of our cooperation.

I could go on into our joint activities to promote healthy families, reinforce food security in Africa, engage in regional consultations, develop innovative clean energy, bring monsoon forecasting data to farmers...and the list goes on. What we ultimately aim to do is develop the habits of cooperation that establish a partnership that will shape the 21st century in a way that bring peace and prosperity to the world.

Energy-Rich Central Asia

We also aim to expand our cooperation and engagement with Central Asia. President Obama's and Secretary Clinton's successful reset of our relationship with Russia has given us the political space to engage more deeply in the region without sparking fears of a new Great Game. In fact, U.S.-Russian cooperation on Central Asia has never been closer. In April 2010, for example, we worked closely to respond to the political and humanitarian crisis in Kyrgyzstan, which prompted an unprecedented Joint Statement by President Obama and President Medvedev. We are now looking at new cooperation in areas such as counter-narcotics to complement our political dialogue.

Throughout history, Central Asia has acted as the strategic crossroads linking China to Russia, and Europe to South Asia. The countries themselves have embraced their growing role in determining world events.

Kazakhstan just completed its tenure as Chairman of the Organization for Security and Cooperation in Europe, during which it hosted a Summit – the first in 10 years – that reaffirmed the Helsinki Principles, which outline basic human rights expected in post-Soviet Eurasia. In 2011, Kazakhstan

has assumed the Chairmanship of the Organization for Islamic Countries, giving it an influential role in this key gathering of nations.

Kyrgyzstan emerged as Central Asia's first parliamentary democracy last year. And President Berdimukhamedov in Turkmenistan almost single-handedly resurrected the Turkmenistan-Afghanistan-Pakistan-India pipeline, which if successful will finally link the resources in Central Asia with the markets of the south. More on the TAPI pipeline later.

To use the window of opportunity to establish a deeper and broader dialogue with each of the Central Asian countries, the U.S. established Annual Bilateral Consultations last year. In each of those held last year, we engaged in frank discussions about trade, human rights, democratic reform, defense cooperation, regional issues such as Afghanistan, and any other issue that either side thought relevant. I look forward to starting the second round of ABCs with Uzbekistan next month in Tashkent.

Given your university's location in Houston, you undoubtedly have interest in the energy opportunities in the region. Let me go into more detail about those opportunities, as well as the TAPI pipeline.

Kazakhstan

Kazakhstan is arguably the economic powerhouse of Central Asia. President Nazarbayev's decision to invite major oil companies to develop the country's vast hydrocarbon resources in the 1990s was a game-changer for Kazakhstan's future. Already a significant oil producer, Kazakhstan will account for one of the largest increases in non-OPEC supply to the global market in the next 10-15 years as its oil production doubles to reach 3 million barrels a day by 2020.

Ensuring this oil reaches the world market is crucial. Such a rapid increase in production will force the Kazakh Government, major oil companies, and investors to work fairly quickly to establish new export routes for the additional volumes of oil. This will require a range of political and economic negotiations, as well as significant infrastructure investment.

However, the Kazakh Government has indicated that it may seek to retroactively change the terms of contracts already signed. Such actions would significantly damage Kazakhstan's credibility and reputation with potential foreign investors. The U.S. will continue to work with the Government of Kazakhstan to ensure the best possible trade and investment climate for our companies.

Uzbekistan

Though often overlooked as an energy source, Uzbekistan has substantial hydrocarbon reserves of its own and produces about as much natural gas as Turkmenistan. Located at the heart of Central Asia, much of the region's infrastructure – roads, railroads, transmission lines, and pipelines -- goes through Uzbekistan, offering it a unique opportunity to expand its exports with little investment in new infrastructure.

Uzbekistan currently exports gas to Russia, Tajikistan, Kazakhstan and Kyrgyzstan. The natural gas pipeline between Turkmenistan and China crosses its territory, making exports to China possible, at least in theory.

Turkmenistan

After over a decade of near-isolation under former President Niyazov, Turkmenistan is slowly opening to the world. The country's substantial natural resources may make Turkmenistan one of the top five countries worldwide in terms of gas reserves. These reserves have attracted the attention of many countries interested in securing Turkmen gas for various pipeline projects.

The recently-opened Turkmenistan-China gas pipeline was an important step in enhancing Turkmenistan's economic security by diversifying its export routes. Turkmenistan's initiative to send natural gas to India through Afghanistan and Pakistan, known as the TAPI pipeline, would further reduce its reliance on a single energy market.

The U.S. has welcomed renewed interest in TAPI, although the challenges to completing such a project are numerous and real. The project would require a multi-billion dollar investment to build a pipeline that would cross volatile areas of Afghanistan and Pakistan as well as the tense border between Pakistan and India.

Despite these difficulties, there has been recent progress on TAPI and important steps continue on the part of the participating governments. The Presidents of Turkmenistan, Pakistan, and Afghanistan and the Minister of Petroleum and Natural Gas of India signed an Intergovernmental Agreement on the TAPI pipeline on December 11, 2010.

Now these governments will begin to discuss issues such as pricing and transit terms. This suggests renewed interest and political will to move forward with the TAPI pipeline project, which has been under discussion since the 1990s.

This project, if realized, would provide revenue and jobs for Afghanistan at a critical time in its economic development. TAPI would also provide clean fuel to the growing economies of Pakistan and India. TAPI's route may serve as a peace corridor, linking neighbors together in economic growth and prosperity. The road ahead is long for this project, but the benefits could be tremendous and are certainly worthy of the diligence and interest demonstrated by these four countries so far. After all, pipelines are long-term projects with long-term horizons and, consequently, long-term benefits.

CASA-1000

Complementing the TAPI project, the U.S. has worked with the World Bank on an initiative to take advantage of Central Asia's lower production cost for hydro-electricity and South Asia's insatiable hunger for energy. The Central Asia – South Asia 1000 Megawatt project, known as CASA-1000, envisions building a transmission line to export summer surplus hydroelectricity from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan.

Kyrgyzstan and Tajikistan would benefit from the sale of surplus electricity to Afghanistan and Pakistan. Afghanistan would have the secondary benefit of charging transit fees for energy exported to Pakistan. The four countries have agreed to explore the technical and commercial potential for this project.

The benefits of the CASA project would be transformational for all participating countries. We are encouraged the project is moving forward and want it to do so in a sound and transparent manner.

The CASA 1000 project has the potential to build on what is a small, but growing electricity trade between Central Asia and South Asia. Turkmenistan and Uzbekistan both export electricity to

Afghanistan. These imports have resulted in a noticeable increase in northern Afghanistan's electricity supply- particularly in Kabul.

The Other South Asian Countries

A review of my bureau would not be complete without mentioning the other South Asian countries that neighbor India: Sri Lanka, Nepal, Bangladesh, Bhutan, and Maldives. The growth of India has overshadowed the progress made in all of these countries.

Bangladesh has experienced an average of 6% growth in GDP over the last 18 years, which has helped lift millions of Bangladeshis out of poverty. Houston, with its large Bangladeshi diaspora community, has undoubtedly contributed to the \$11 billion in global remittances Bangladesh receives each year. Bangladesh, with its inclusive growth model and newly stable government, represents another potential powerhouse in the neighborhood. The investigation into the Nobel prize-winning Grameen Bank, however, has raised concerns. Secretary Clinton has urged the government to maintain its democratic values and ensure its investigation is impartial and balanced.

Nepal and Sri Lanka have both ended terrible internal conflicts in the last few years, but each must now secure the peace. In Kathmandu last week, the UN Mission for Nepal withdrew, putting responsibility for completing the peace process squarely in the hands of Nepal's fractious parties. I spoke with Prime Minister Nepal and Maoist Chairman Dahal last week to tell them that the United States Government will continue to support the peace process.

I urged all the parties to continue to respect their own commitments under the Comprehensive Peace Agreement and said it is incumbent upon Nepal's leaders to bring the peace process to a much needed conclusion. The U.S. was pleased that the parties reached agreement on arrangements to continue the monitoring of arms and the armies. We hope that same spirit will help the parties reach agreement on the integration and rehabilitation of Maoist army personnel into the Nepalese army and police, and on a new constitution.

While Sri Lanka's economy has thrived since the end of its brutal civil war, during the end of which I served as ambassador, its reconciliation has proceeded more slowly. I hope that the government will act on the recommendations of the Lessons Learnt and Reconciliation Commission it set up, as part of wider efforts that will be needed to help establish a lasting peace.

South Asia's smallest countries, Bhutan and Maldives, both experienced peaceful transitions to democracy in 2008. The Bhutanese model of Gross National Happiness has shaped new thinking about economic growth in developing countries, and Bhutan is on track to achieve all of its Millennium Development Goals.

And the moderate Muslim nation of the Maldives, now led by a former Amnesty International Prisoner of Conscience, has punched above its weight in the global debate on climate change, and thought of innovative ways to illustrate the plight of its sinking atolls. The Cabinet meeting it held underwater certainly captured the attention of the world.

Conclusion

As you can see, I oversee a region that I cannot do justice to in 30 minutes. And while the region's diversity opens many opportunities, it also presents a challenge in our efforts to encourage these disparate countries to work together. We have many obstacles to overcome still, but I hope that our

effort to rebuild Afghanistan and develop deeper relations throughout the region will contribute to this vision.

Thank you for the opportunity to speak here today. I'd be happy to take a few questions.

5. Ambassador Rice at U.N. Security Council Briefing on Sudan (01-18-2011)

U.S. Mission to the United Nations, Susan E. Rice, U.S. Permanent Representative to the United Nations at a Security Council Briefing on Sudan, New York, NY

AMB. RICE: Thank you, Mr. President. I also want to thank SRSB Menkerios and President Mkiya for their important briefings today.

This is a historic moment. And I join President Obama in congratulating the people and leaders of Sudan for the successful completion of voting on the referendum on independence. The people of Southern Sudan, after decades of war and more than two million killed, have cast their votes peacefully and expressed their will.

The promise of self determination was made to the Southern Sudanese people in 2005. Thanks to the commitment of the people of Sudan and the support of the international community, that promise was finally fulfilled. Let us not underestimate what this referendum means to the people of Southern Sudan. We have all heard reports of long lines forming overnight on January 8th, and of people standing in line for hours to vote. We have even heard of a case in which a river ferry broke down, and voters jumped into the presumably crocodile- infested river and swam across to reach the polling station.

As President Obama said after the polling closed, "The past week has given the world renewed faith in the prospect of a peaceful, prosperous future for all of the Sudanese people - a future that the American people long to see in Sudan."

To the men and women of UNMIS: the United States commends you for your outstanding work.

Thanks to your tireless efforts, under daunting challenges and difficult circumstances, the people of Sudan have been able to take a huge step forward on the path of full implementation of the CPA, which ended a 23-year civil war. To Special Representative Menkerios, my government congratulates you. You are performing an incredibly difficult job with grace and wisdom. We thank you. We also welcome the work that the Southern Sudan Referendum Commission, the Southern Sudan Referendum Bureau, the Government of Sudan, and the Government of Southern Sudan have done to ensure that this historic referendum occurred on time, peacefully, and reflects the will of the people.

We welcome the January 16 statement from the Secretary General's Referenda Monitoring Panel, in which the panel said it was satisfied that the referendum process "allowed the people of Southern Sudan to express their will freely." A number of other observer missions have also already released preliminary statements. On January 17, the Carter Center called the referendum "peaceful and credible" and "broadly consistent with international standards." The Arab League stated that the process was "in line with international standards." The European Union Observer Mission commended a "peaceful, credible voting process, with overwhelming turnout."

On January 16, the Intergovernmental Authority on Development (IGAD) and the African Union called the referendum "free, fair, and credible." We commend the work of the hundreds of international observers and thousands of domestic observers. The United States continues to urge all to respect the results of the referendum.

Of course, we must all focus on the challenging - and promising - road ahead. We urge the parties to return to the negotiating table as soon as possible to negotiate a rapid and sustainable resolution to the question of Abyei and other outstanding CPA issues.

The United States fully supports the efforts of AU High-Level Implementation Panel Chair President Thabo Mbeki to facilitate these agreements. We reiterate that any resolution regarding the future of the Abyei area must be reached with the consent of both parties, through a political settlement or a process that respects the rights and needs of those communities traditionally associated with the area.

Along with the status of Abyei, there are other outstanding issues requiring urgent attention, such as border demarcation, citizenship, wealth-sharing agreements, natural resource management, the division of the national debt, security arrangements, currency arrangements, and international treaties and legal obligations, which are all equally important. We also consider peaceful, inclusive popular consultations in Blue Nile and Southern Kordofan that reflect the will of the people to be essential components of CPA implementation. We call on the parties to bring the same spirit to these negotiations as they have brought to the conduct of the referendum itself.

For all of the inspiring events in Sudan over the last week, the United States laments the loss of life in the Abyei and border region and reiterates its deep concern regarding the arrest, detention, and harassment of human rights activists and journalists by the Government of Sudan's security forces, which prevented both an SPLM leader and an Umma Party leader from conducting television interviews. In addition, four university students were arrested in separate incidents for trying to host discussions.

We urge Council members to join us in calling on the Government of Sudan to release those who have been imprisoned unjustly, including those jailed for exercising such basic rights as freedom of speech, freedom of expression, and freedom of assembly.

As President Obama has made clear, the United States wants the leaders in Sudan to choose the path of peace and prosperity for all of the Sudanese people, and he has extended the U.S. hand in that spirit. In order for this future to be realized, however, Sudan, too, must work with the international community.

This includes cooperating with UNMIS and UNAMID to facilitate full freedom of access and movement for UN peacekeepers and for humanitarian workers.

This access is especially important given the alarming reports that Sudanese Armed Forces have burned homes and blocked civilians' access to UNAMID in Khor Abeche, and that the Government of Sudan violated the North/South ceasefire with repeated aerial bombardments into the Kiir River Valley - in addition to the all-too-frequent reports of aerial bombardment in Jebel Mara and the Government of Sudan's ongoing refusal to grant UNAMID patrols access to affected populations, despite the Status of Forces Agreement.

We are deeply saddened and troubled by the news that on January 13, three Bulgarian helicopter crew members contracted to the UN World Food Program were kidnapped in Darfur. We convey

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our condolences to their families. And we urge the Government of Sudan to do its utmost to facilitate their safe return. We recall that 40,000 residents of Darfur were displaced from their homes in December alone. Civilians continue to live under the threat of attack, and of sexual and gender-based violence. It is thus in all of our interests to continue to work to prevent genocide.

The United States again calls on the Government of Sudan to immediately halt aerial bombardments, and we condemn in the strongest possible terms attacks on civilians. Obtaining a ceasefire between the Government of Sudan and the armed movements should be the immediate objective of the peace process. The political process for a Darfur peace agreement must be reinvigorated, and all relevant parties must come back to the negotiating table.

As we discussed during consultations on Sudan on January 6, the unity shown by this Council has gone a long ways towards supporting the parties as they have stayed on the path of peace. We need to continue to watch closely as the parties continue to implement the CPA. As progress is made, we should welcome it and offer continued encouragement. But, just as importantly, we need to be prepared to insist upon and to support full and final implementation of the CPA on such issues as protection of minorities and rejection of proxy militias, and other threats to peace and security in Sudan.

Thank you, Mr. President.
